VENOCO, INC

South Ellwood Field Project

Lease Line Adjustment

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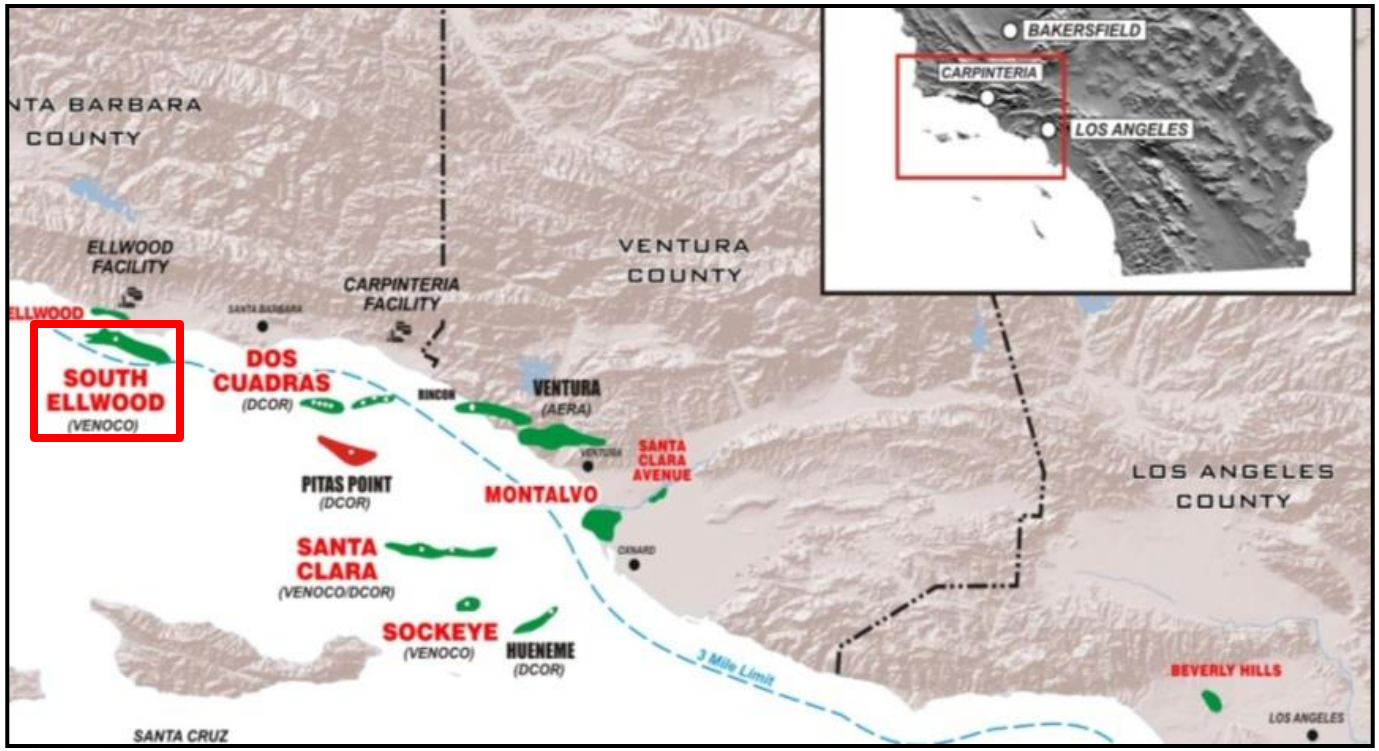
Scoping Hearing – Goleta

June 24, 2015

South Ellwood Field – Platform Holly

The South Ellwood Field is located ~2 miles offshore along the northern margin of the Santa Barbara Channel. Drilling, production and some processing occur on Platform Holly, which is set ~11 miles west of the city of Santa Barbara. Oil/gas are further processed at and sold from the Ellwood Onshore Facility (EOF).



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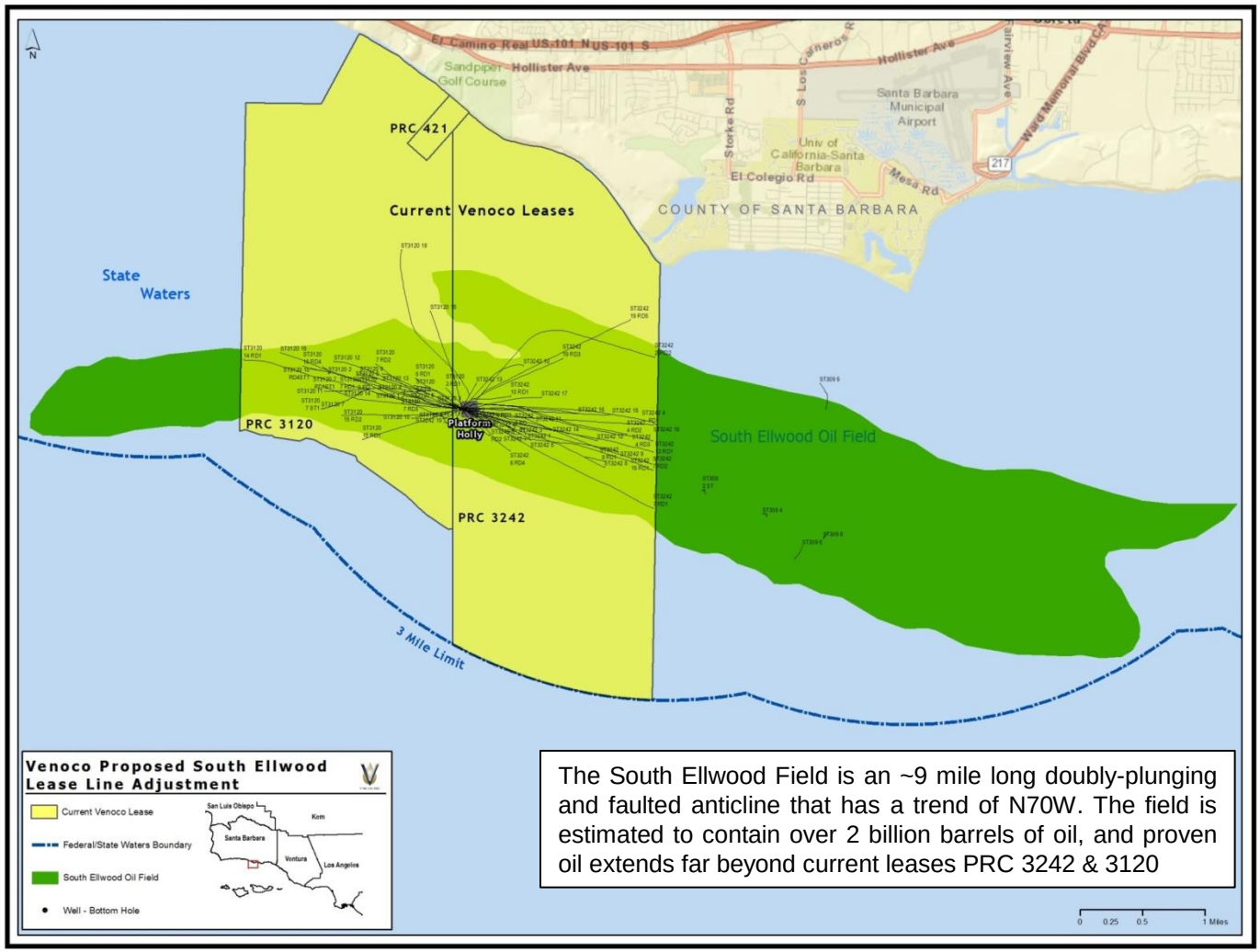
South Ellwood Field Project



The South Ellwood Field is an ~9 mile long doubly-plunging and faulted anticline that has a trend of N70W. The field is estimated to contain over 2 billion barrels of oil, and proven oil extends far beyond current leases PRC 3242 & 3120

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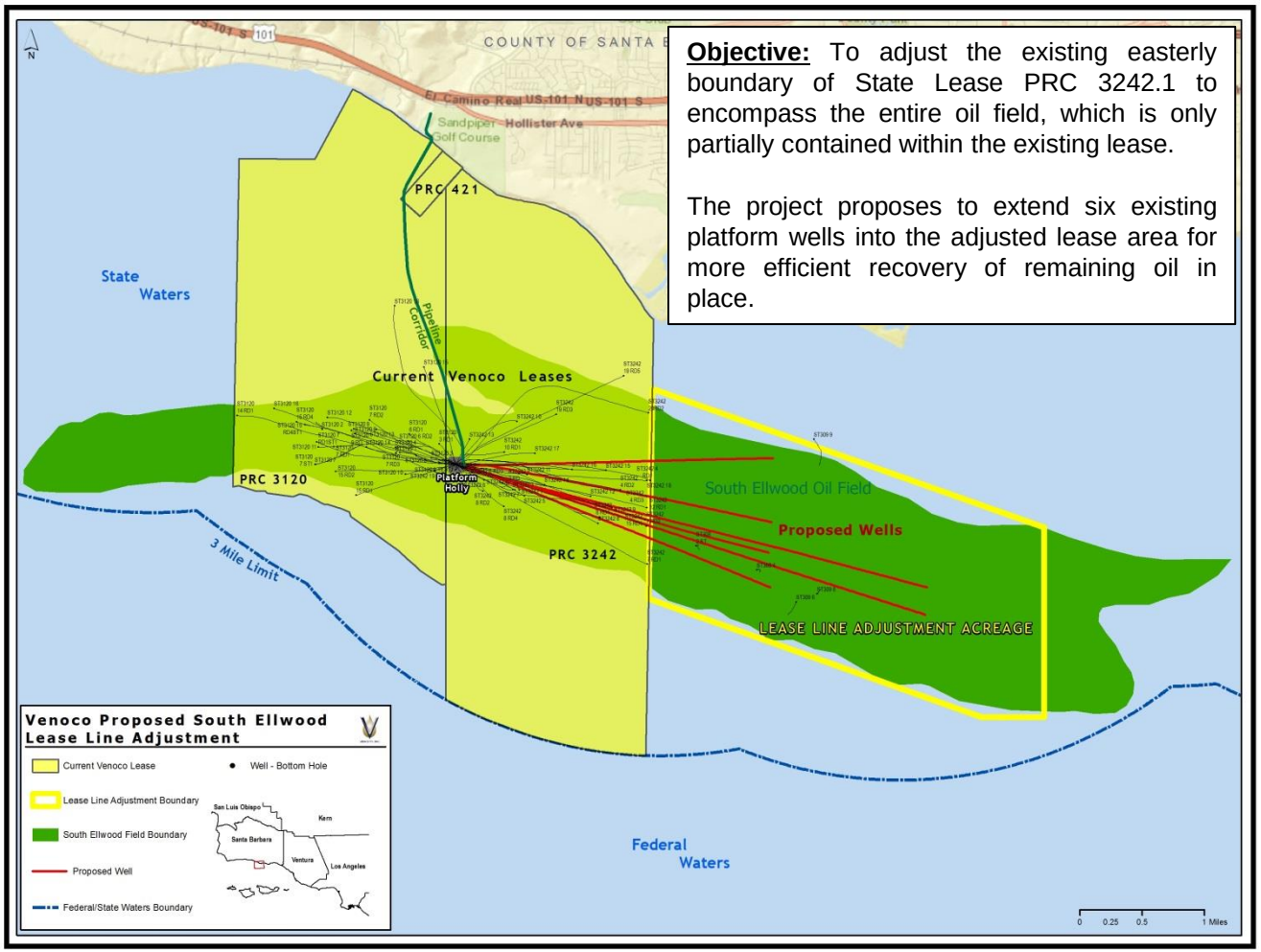
South Ellwood Field Project - Objective



Objective: To adjust the existing easterly boundary of State Lease PRC 3242.1 to encompass the entire oil field, which is only partially contained within the existing lease.

The project proposes to extend six existing platform wells into the adjusted lease area for more efficient recovery of remaining oil in place.

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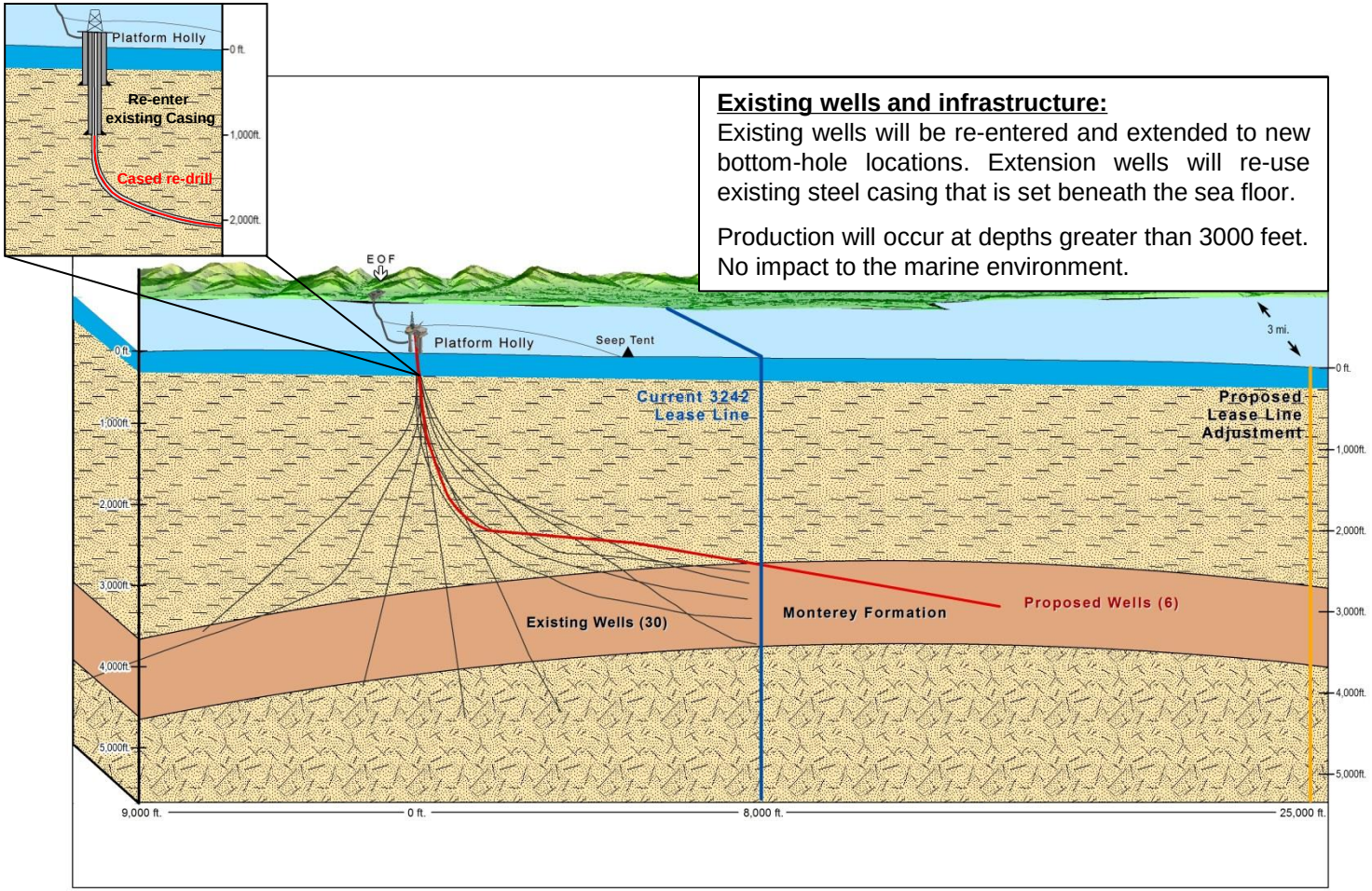
South Ellwood Field Project - Detail



Existing wells and infrastructure:
Existing wells will be re-entered and extended to new bottom-hole locations. Extension wells will re-use existing steel casing that is set beneath the sea floor.

Production will occur at depths greater than 3000 feet. No impact to the marine environment.

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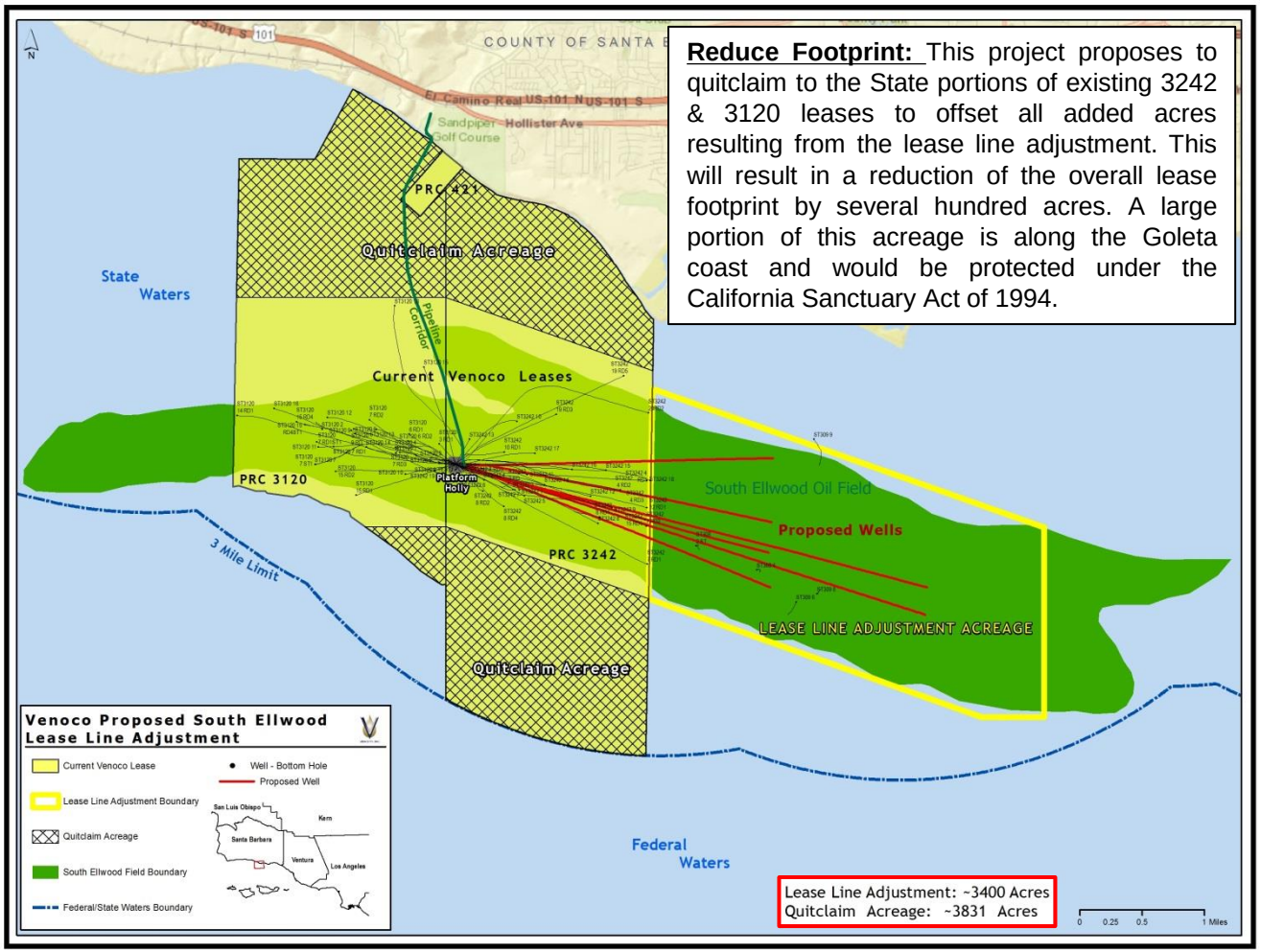
South Ellwood Field Project – Reduced Footprint



Reduce Footprint: This project proposes to quitclaim to the State portions of existing 3242 & 3120 leases to offset all added acres resulting from the lease line adjustment. This will result in a reduction of the overall lease footprint by several hundred acres. A large portion of this acreage is along the Goleta coast and would be protected under the California Sanctuary Act of 1994.

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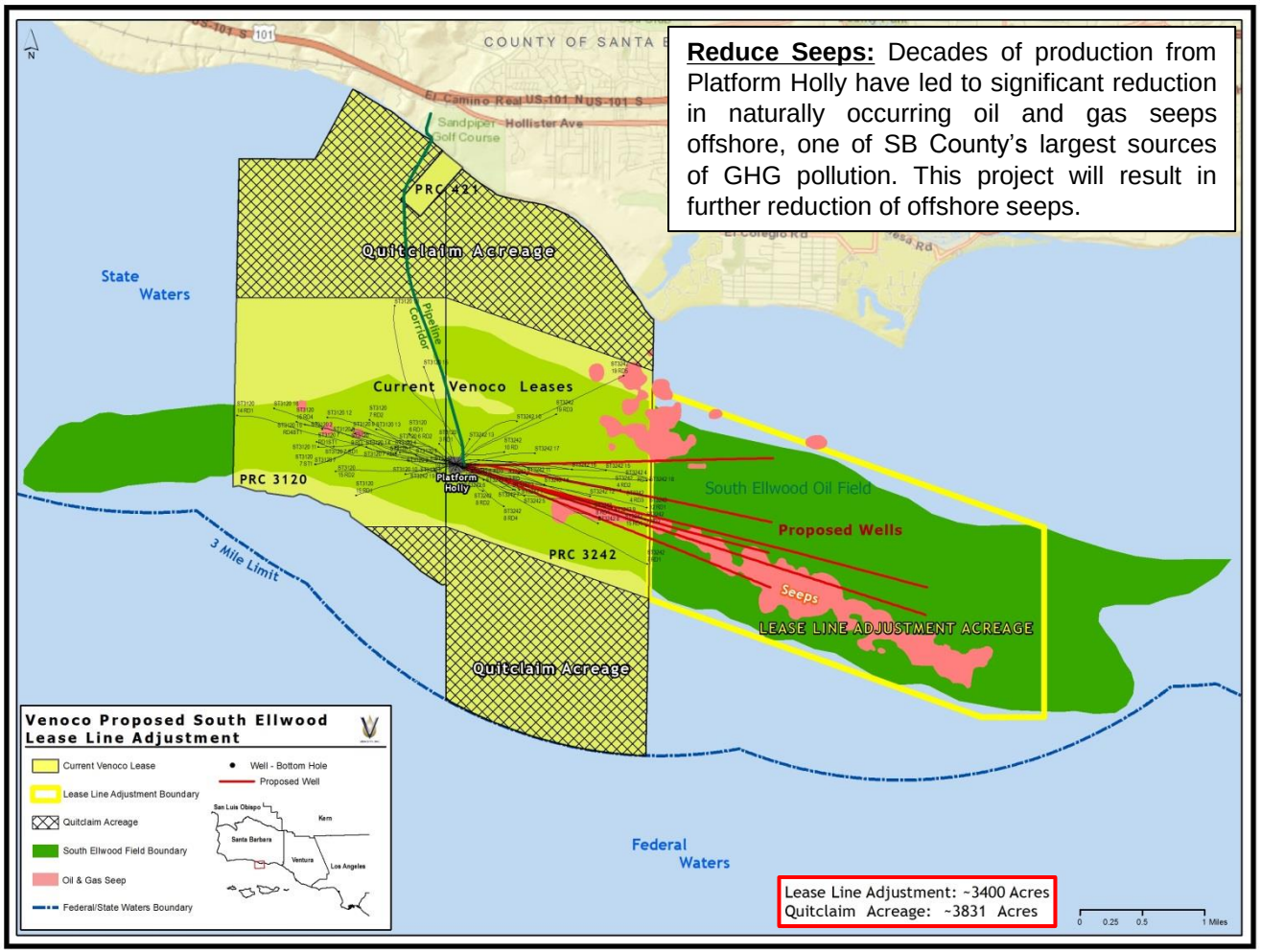
South Ellwood Field Project – Reduced Seeps



Reduce Seeps: Decades of production from Platform Holly have led to significant reduction in naturally occurring oil and gas seeps offshore, one of SB County's largest sources of GHG pollution. This project will result in further reduction of offshore seeps.

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Offshore Oil Production Reduces Seeps

- The Santa Barbara Channel has some of the most prolific oil and gas seeps in the world. Second only to Caspian Sea. There have been more than 1,200 natural seeps charted in the Santa Barbara Channel. Half of them occur within 3 miles of Platform Holly
- According to NOAA, the natural seeps around South Ellwood leak and estimated 4,200 – 25,000 gallons of crude oil into the ocean every single day. This results in impacted wildlife (>1000 oiled birds per year) and significant impact to local beaches and sensitive shoreline habitat
- The seeps also account for an estimated ~ 6 million cubic feet of gas/day. This is the second largest source of greenhouse gas emissions in Santa Barbara County, emitting more GHGs than any man-made source. They emit ~2000 tons C02e/day or 700,000 tons C02e/year
- Natural seeps also result in ~24 tons/day of reactive organic compounds (SBCAPCD). ROC's are a precursor to ozone/smog and harmful to health
- Data and research confirm significant reduction in oil and gas seepage due to oil extraction at Platform Holly (80% reduction within 1 mile of Platform Holly), resulting in significantly improved local air quality and less tar on local beaches
- Venoco's South Ellwood Project will reduce natural seeps in one of the most active seep areas in the SB Channel
- Recent research (Boles 2015) estimates that seeps could be further reduced by ~3 MMCF/day. This is equivalent to over 500,000 tons of C02e/year or 35 % of the total manmade GHG emissions in unincorporated SB County
- This reduction would be equivalent to removing ~100,000 passenger vehicles daily from local roads

http://www.soscalifornia.org/

Oil sheen from natural seeps:
Offshore Goleta

Natural gas seeps:
Offshore Goleta

http://www.soscalifornia.org/

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Project - Key Components

- **No new wells proposed**
  Existing wells will be re-entered and extended to new bottom-hole locations. Extension wells will re-use existing steel casing that is set beneath the sea floor.
- **No fracking**
  No hydraulic fracturing of any kind will be used on this project (the reservoir rocks are already naturally fractured).
- **The onshore facility (EOF) will NOT be expanded**
  The project has been designed to maintain production levels within the current operating capacity of both Platform Holly and the Ellwood Onshore Facility (EOF). No major modifications are required and production will stay within current permit limits.
- **The project does NOT extend the life of the EOF or Platform Holly**
  Development of known reserves in the adjusted lease area will not extend the life of Platform Holly or the EOF. The project was designed to stay within the current economic life of the EOF.
- **Platform Holly and EOF will continue to operate regardless of a lease line adjustment**
  Venoco's lease allows for drilling and production indefinitely. Adjusting the lease line will allow for more efficient drainage of existing oil
- **Existing regulations allow for this adjustment under certain findings**
  The Public Resource Code allows the State Lands Commission to adjust existing lease boundaries of an oil field partially contained within the lease.

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Thank You!

Venoco is a privately owned oil and gas company founded in Santa Barbara County in 1992. We have an exemplary 20 plus year track record of operational excellence in California. We are a significant contributor to local non-profits, donating staff volunteer time and over $5 million to more than 100 different local organizations.

Venoco is led by experienced management and operations staff. We are proud of our reputation in the communities where we operate; both for having a solid record of meeting high safety and environmental standards, and for being a good corporate citizen.

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